

The complaint

X complains that National Westminster Bank Plc (NatWest) is refusing to refund her the amount she lost as the result of a scam.

X is being represented by a third party. To keep things simple, I will refer to X throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, X matched with an individual I will call Y on a well-known online dating website. The conversation appeared to be going well and they decided to move the conversation from the dating platform to WhatsApp where it continued for some time.

X and Y messaged and called on a regular basis sharing images and personal details. Soon X found she was in a caring relationship with Y with both declaring feelings for each other.

Y explained he was travelling for work and needed funds to finish a project he was working on. The conversation around the need for funds developed and X agreed to help Y by transferring him the funds he needed.

X made multiple payments to Y over a nine-month period via cryptocurrency exchanges and via a direct transfer. X has told us that the following payments were related to the scam.

Payment	Date	Payee	Payment Method	Amount
1	23 March 2022	Crypto.com	Debit Card	£532.11
2	23 March 2022	Cro	Debit Card	£385.59
3	28 March 2022	Crypto.com	Debit Card	£1,082.72
4	04 April 2022	Foris Dax Mt Limit	Transfer	£1,000.00
5	04 April 2022	Foris Dax Mt Limit	Transfer	£2,000.00
6	04 April 2022	Foris Dax Mt Limit	Transfer	£1,000.00
7	04 April 2022	Foris Dax Mt Limit	Transfer	£1,403.19
8	05 April 2022	Crypto.com	Debit Card	£1,437.17
9	05 April 2022	Cro	Debit Card	£1,437.13
10	21 April 2022	Individual 1	Transfer	£3,000.00
11	21 April 2022	Foris Dax Mt Limit	Transfer	£100.00
12	21 April 2022	Foris Dax Mt Limit	Transfer	£1,900.00
13	22 April 2022	Foris Dax Mt Limit	Transfer	£2,000.00
14	26 April 2022	Foris Dax Mt Limit	Transfer	£3,000.00
15	29 April 2022	Foris Dax Mt Limit	Transfer	£3,000.00
16	03 May 2022	Foris Dax Mt Limit	Transfer	£3,000.00
17	03 May 2022	Foris Dax Mt Limit	Transfer	£1,000.00
18	03 May 2022	Foris Dax Mt Limit	Transfer	£2,000.00
19	03 May 2022	Foris Dax Mt Limit	Transfer	£1,000.00

20	03 May 2022	Foris Dax Mt Limit	Transfer	£2,000.00
21	09 May 2022	Foris Dax Mt Limit	Transfer	£2,000.00
22	09 May 2022	Foris Dax Mt Limit	Transfer	£1,000.00
23	09 May 2022	Foris Dax Mt Limit	Transfer	£2,000.00
24	09 May 2022	Foris Dax Mt Limit	Transfer	£1,000.00
25	09 May 2022	Foris Dax Mt Limit	Transfer	£1,000.00
26	09 May 2022	Foris Dax Mt Limit	Transfer	£2,000.00
27	12 May 2022	Foris Dax Mt Limit	Transfer	£1,000.00
28	13 May 2022	Foris Dax Mt Limit	Transfer	£2,000.00
29	13 May 2022	Foris Dax Mt Limit	Transfer	£1,000.00
30	16 May 2022	Foris Dax Mt Limit	Transfer	£2,000.00
31	16 May 2022	Foris Dax Mt Limit	Transfer	£2,000.00
32	16 May 2022	Foris Dax Mt Limit	Transfer	£2,000.00
33	16 May 2022	Foris Dax Mt Limit	Transfer	£1,000.00
34	25 May 2022	Foris Dax Mt Limit	Transfer	£2,000.00
35	25 May 2022	Foris Dax Mt Limit	Transfer	£1,000.00
36	26 May 2022	Foris Dax Mt Limit	Transfer	£2,000.00
37	06 June 2022	Foris Dax Mt Limit	Transfer	£6,000.00
38	17 June 2022	Foris Dax Mt Limit	Transfer	£3,000.00
39	20 June 2022	Foris Dax Mt Limit	Transfer	£2,000.00
40	20 June 2022	Foris Dax Mt Limit	Transfer	£2,000.00
41	20 June 2022	Foris Dax Mt Limit	Transfer	£3,000.00
42	14 July 2022	Foris Dax Mt Limit	Transfer	£3,000.00
43	14 July 2022	Foris Dax Mt Limit	Transfer	£2,000.00
44	26 August 2022	Foris Dax Mt Limit	Transfer	£2,000.00
45	15 September 2022	Foris Dax Mt Limit	Transfer	£3,000.00
46	06 December 2022	Foris Dax Mt Limit	Transfer	£200.00

After sending the final payment listed above X refused to make any further payments as she could no longer afford to do so. Y apologised for the inconvenience he had caused her, but X realised later she had fallen victim to a scam.

Our Investigator considered X's complaint and didn't think it should be upheld. X disagreed, so this complaint has been passed to me to decide.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

It has not been disputed that X has fallen victim to a cruel scam. The evidence provided by both X and NatWest sets out what happened. What is in dispute is whether NatWest should refund the money lost due to the scam.

Recovering the payments made

Payment 7 that was made direct to an individual has been refunded under the CRM code so I don't need to consider if this payment should have been recovered.

X made the remaining payments into the scam via her debit card and transfer. When payments are made by card the only recovery option NatWest has is to request a chargeback.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes

between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder.

Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

X was dealing with Y, which was the individual that instigated the scam. But X didn't make the debit card payments to Y directly, she paid a separate cryptocurrency exchange. This is important because NatWest would only have been able to process chargeback claims against the merchant she paid, not another party (such as Y).

The service provided by the cryptocurrency exchange would have been to convert or facilitate conversion of X's payments into cryptocurrency. Therefore, it provided the service that was requested; that being the purchase of the cryptocurrency.

The fact that the cryptocurrency was later transferred elsewhere – to the scammer – doesn't give rise to a valid chargeback claim against the merchant X paid.

When payments are made by transfer NatWest has limited options available to it to seek recovery. NatWest could ask the operator of the receiving account to refund any funds that remain, but X was making the payments in the first instance to purchase cryptocurrency that credited her account before being sent to Y. So, any funds that remain in X's account would remain in her control.

With the above in mind, I don't think NatWest had any reasonable options available to it to recover the payments X made in relation to the scam.

Should NatWest have reasonably prevented the payments X made?

It has been accepted that X authorised the payments that were made from her account with NatWest, albeit on X's instruction. So, the starting point here is that X is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether NatWest should have been aware of the scam and intervened when X was making the payments and if it had intervened, would it have been able to prevent the scam taking place.

I think it could be argued that NatWest should have intervened around the time X made payment 7. By this time X had made multiple payments the same day to a cryptocurrency exchange that totalled a significant amount, and I think this should have caused NatWest to have concerns. I think a proportionate intervention would have been for NatWest to provide a human intervention discussing the payment. But I don't think this would have made a difference.

I say this because NatWest did intervene when X attempted to make payment 10. During this call payment 10, made to an individual's account, and previous payments to cryptocurrency exchanges were discussed.

X explained that the cryptocurrency payments were to an account in her name, and she was investing the funds to help her children.

X also explained that the £3,000 payment to an individual was a payment being sent to her sister to help with wedding expenses.

It's clear from this call that X was willing to give incorrect information when making the payments to have them processed. X was convincing with her explanation of what the payments were in relation to which made it difficult for NatWest to uncover the scam that was taking place.

I don't have enough to say X would have given any more honest answers if NatWest intervened when she was making any of the other payments she made in relation to the scam, so I think it's unlikely any other intervention would have uncovered the scam either.

As I don't think NatWest missed an opportunity to prevent the scam taking place it would not be reasonable for me to hold it responsible for X's loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 27 December 2024.

Terry Woodham
Ombudsman